

11 KAR 8:020. Deferment of teacher loans.

RELATES TO: KRS 164.770

STATUTORY AUTHORITY: KRS 164.748(4), 164.770

NECESSITY, FUNCTION, AND CONFORMITY: KRS 164.770 establishes the Teacher Loan Program and provides that the Kentucky Higher Education Assistance Authority (authority) may permit deferment of repayment for cause. This administrative regulation defines "deferment" and establishes conditions under which specified types of deferments may be approved by the authority. 11 KAR 8:030 establishes a new program of teacher scholarships pursuant to House Bill 799 (1990 RS), Part I, F., 46., p. 52 and the corresponding budget memorandum. This amendment is necessary to rename the program established pursuant to KRS 164.770 to avoid confusion.

Section 1. Definitions. Unless otherwise specified, the words and phrases used herein shall have the same meaning as set forth in 11 KAR 8:010. "Deferment" means a temporary waiver of the obligation of a teacher loan recipient to make payments to the authority, pursuant to one or more promissory notes executed between the recipient and the authority, which is granted by the authority, for a specified period of time, upon a showing of cause by the recipient.

Section 2. Request for Deferment. The recipient must request a deferment in writing by submitting complete and accurate information on a form prescribed by the authority. The recipient's submission of a request for deferment shall constitute authorization for the authority to request and receive such verification of facts represented by the recipient as may be deemed necessary by the authority.

Section 3. Effect on Repayments. During a deferment, no principal or interest repayments shall be required but interest shall continue to accrue on the unpaid principal balance owed by the recipient. Nothing contained herein shall require the authority to grant a deferment if such deferment would legally impair the ultimate recovery of the principal and accrued interest otherwise owed by the recipient. If, during a deferment, the recipient resumes full-time enrollment in a teacher education program at a participating institution or renders qualified teaching service, then the deferment shall nullify the commencement of repayment, such that any promissory note so deferred may be subsequently cancelled in accordance with KRS 164.770 and 11 KAR 8:010.

Section 4. Types of Deferments. The following deferments may be granted by the authority:

(1) Enrollment deferment. A deferment granted to a recipient who is enrolled on at least a half-time basis at a business school, college, vocational school or school of nursing (as those terms are defined in KRS 164.740) in the United States. The recipient must provide to the authority, at least annually, evidence of such enrollment on properly completed forms provided by the authority.

(2) Disability deferment. A deferment granted to a recipient who is temporarily totally disabled and, therefore, unable to obtain any full-time employment or to attend school; or, a deferment granted to a recipient who is unable to obtain any full-time employment or attend school due to the temporary total disability of the recipient's spouse who requires continuous (twenty-four (24) hour) nursing or similar care by the recipient. For purposes of this deferment, a recipient, or the spouse of a recipient, is temporarily totally disabled if he/she suffers an injury or illness which necessitates an extended or indefinite period of recovery which can be expected to preclude gainful employment or school attendance and, in the case of a recipient's spouse, he/she is not confined to a hospital, nursing home, intermediate care facility, or similar institution. The recipient must provide to the authority a statement from a licensed physician certifying that the recipient or spouse is

temporarily totally disabled in accordance with the preceding terms and conditions. The recipient is solely responsible for securing the physician's certifications. This deferment may, at the authority's discretion, be granted for a period not to exceed three (3) years, subject to annual review of a physician's certification. After the third year of any deferment, pursuant to this subsection, the authority may, in its sole discretion, cancel the debt.

(3) Unemployment deferment.

(a) A recipient seeking, but unable to obtain, a qualified teaching service position within six (6) months following completion of a teacher education program at a participating institution may be granted a single deferment for a period not to exceed one (1) year. The recipient must have applied for a qualified teaching service position with at least three (3) public school districts and must not have refused an offer of employment in a qualified teaching service position in such public school districts or in any other public school districts to which the recipient may have applied, and must provide the authority a signed statement which sets forth:

1. The recipient's current address;
2. The names of public school districts to which the recipient has applied for qualified teaching service employment; and
3. The recipient's agreement to notify the authority when he/she obtains full-time employment in a qualified teaching service position; or

(b) A recipient seeking, but unable to obtain, any full-time (at least thirty (30) hours per week) employment may be granted a single deferment for a period not to exceed one (1) year. The recipient must provide, on the form prescribed by the authority, a signed statement which sets forth:

1. The recipient's current address;
2. Certification that the recipient has registered with a public or private employment agency, if one is accessible, specifying the name and address of such agency; and
3. The borrower's agreement to notify the authority within thirty (30) days of a date upon which he/she obtains full-time employment.

If full-time employment is obtained at any time during the period of a deferment approved pursuant to this section, such deferment shall be immediately terminated.

(c) The immediately preceding subsections of this section are alternative ways to qualify for a single deferment for a period not to exceed one (1) year. Pursuant to paragraph (a) of this subsection, a recipient, who is seeking, but unable to obtain, a qualified teaching service position, may receive a deferment even if employed full-time in another type of position. Pursuant to paragraph (b) of this subsection, a recipient, who is not actively seeking a qualified teaching service position, may receive a deferment only if actively seeking and unable to obtain any type of full-time employment.

(4) Parenting deferment. A deferment may be granted by the authority when a recipient interrupts qualified teaching service or enrollment in a teacher education program at a participating institution under an approved leave of absence for purposes of rearing a preschool age child. The borrower must provide to the authority a statement, signed by an authorized representative of the public school district or participating institution, evidencing that such a leave of absence has been approved for the recipient. This deferment shall remain in effect during the period of the leave of absence not to exceed two (2) years. The recipient is solely responsible for securing, at least annually, the required verification of an approved leave of absence.

(5) Hardship deferment. If enrollment in a teacher education program or employment in a qualified teaching service position is temporarily interrupted due to circumstances beyond the recipient's control, including, but not limited to, illness, accident or death in the family, after which the recipient intends to resume such enrollment or qualified teaching service position, then the authority may determine that a hardship exists and may grant a single deferment of a period not in excess of one (1) year.

(6) Qualified teaching service deferment.

(a) Deferments may be granted, from time to time, to a recipient who, due to current employment in a qualified teaching service position, may reasonably be expected, solely with the passage of six (6) months or less time, to qualify for cancellation benefits pursuant to 11 KAR 8:010.

(b) In the event that a recipient has received loans or scholarships from more than one (1) program administered by the authority, which require a period of qualified teaching service for repayment or cancellation, and the recipient is either:

1. Obligated to concurrently make cash payments on the teacher loan and another such program; or

2. Performing qualified teaching service to fulfill the requirement of another such program; then a deferment of repayment of the teacher loan may be granted during the period in which the recipient is making payments or performing qualified teaching service in accordance with the requirements of the other program. (13 Ky.R. 96; eff. 8-12-1986; 1615; eff. 4-14-1987; 16 Ky.R. 2696; eff. 8-9-1990; Crt eff. 9-28-2018.)